

Message Text

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PAGE 01 STATE 105871 TOSEC 040112
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FOR CARTER FROM PA

E.O. 11652: N/A

TAGS: SOPN, OVIP (VANCE)

SUBJECT: PRESS MATERIAL

1. HEREWITH FULL TEXT RAY VICKER BY-LINER IN WALL STREET JOURNAL DATED MAY 9, 1977, HEADED "THE ARAB MESSAGE FOR CARTER.,

2. RIYADH, SAUDI ARABIA - A RECENT INTERVIEW WITH SAUDI ARABIA'S MINISTER OF FINANCE AND NATIONAL ECONOMY, MOHAMMED ABA AL-KHAIR, PRODUCED A REVEALING INSIGHT INTO SAUDI THINKING ABOUT PRESIDENT CARTER'S PROPOSED ENERGY PACKAGE.

3. "WE ARE EXTREMELY HAPPY ABOUT PRESIDENT CARTER'S PROGRAM," SAID THE MINISTER. 'WE HOPE THAT THE WHOLE INDUSTRIAL WORLD WILL TAKE SIMILAR ACTION. WE CANNOT GO ON CONSTANTLY INCREASING OUR OIL PRODUCTION BECAUSE ENERGY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 105871 TOSEC 040112

IS BEING WASTED BY CONSUMERS. THERE ARE LIMITS TO THAT."

4. AT FIRST GLANCE, THOSE REMARKS MIGHT SEEM TO BE MERELY THE WILY DISSEMBLING OF ANOTHER MIDEAST POTENTATE. WHY, AFTER ALL, WOULD SAUDI ARABIA OR ANY OTHER OIL-PRODUCING NATION FIND CAUSE FOR CHEER IN A PROGRAM BY ONE OF ITS BIGGEST CUSTOMERS TO CUT BACK ON OIL PURCHASES?

5. BUT THERE'S EVIDENCE THAT MR. AL-HAKHAIL'S COMMENTS ACCURATELY REFLECT SAUDI THINKING. THERE'S ALSO REASON TO BELIEVE THAT SUCH THINKING IS CONDITIONED AS MUCH BY EVENTS IN THE MIDEAST -- CONCERNING EFFORTS TO BRING ISRAEL AND THE PALESTINIANS TO THE PEACE TABLE -- AS BY SOLICITOUS FEELINGS FOR THE U.S. FOR THE TRUTH OF THE MATTER IS THAT THE SAUDI ARABIANS, WHO BANKROLL MUCH OF WHAT HAPPENS HEREABOUTS, SEE DEFINITE LINKS AMONG THE CARTER ENERGY CONSERVATION PROGRAM, THE HEALTH OF THE AMERICAN ECONOMY, THE PROSPECTS FOR PEACE IN THE MID-EAST -- AND SAUDI ARABIA'S LONG-TERM INTERESTS.

6. SAUDI ARABIA'S CROWN PRINCE, FAHD IBN ABDUL AZIZ, IS LIKELY TO BE CARRYING SUCH A MESSAGE TO WASHINGTON NEXT MONTH. HIS VISIT -- AND THE SCHEDULED MEETING TODAY IN GENEVA BETWEEN PRESIDENT CARTER AND SYRIAN PRESIDENT HAFIZ AL-ASSAD -- ARE LIKELY TO PROVE EVEN MORE CRUCIAL TO EVENTS IN THE MIDEAST THAN THE PREVIOUS VISITS OF PRESIDENT ANWAR SADAT OF EGYPT AND JORDAN'S KING HUSSEIN.

7. PRESIDENT AL-ASSAD OF SYRIA NOW HAS MORE CONTROL OVER THE VOLATILE PALESTINIANS THAN ANY OF THE OTHERS; PALESTINIAN COOPERATION IS NECESSARY FOR ANY PEACE SETTLEMENT IN THE MIDEAST. PRESIDENT AL-ASSAD ALSO IS THE MAN WHOSE ACTIONS COULD MOST EASILY TOUCH OFF ANOTHER WAR IN THE MIDEAST. SYRIA'S SENSITIVE ROLE IN LEBANON BRINGS HIS ARMED FORCES CLOSE TO EYEBALL-TO-EYEBALL CONFRONTATION WITH THE ISRAELIS, ON LEBANON'S SOUTHERN BORDER.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 105871 TOSEC 040112

8. BY STRESSING THE WAR DANGERS IN THE AREA, PRESIDENT AL-ASSAD, A LEFT-LEANING BUT PRAGMATIC POLITICAL LEADER, WILL LIKELY BE PLAYING THE ROLE OF THE HEAVY IN HIS MEETING WITH PRESIDENT CARTER.

9. SAUDI ARABIA'S PRINCE FAHD, ON THE OTHER HAND, IS LIKELY TO PUT THE STRESS ON FRIENDLY CAJOLERY. HE WILL EMPHASIZE THAT DESPITE PRESIDENT CARTER'S CONSERVATION PROGRAM, THE U.S. ISN'T LIKELY TO REDUCE ITS OIL IMPORTS ANY TIME SOON. SAUDI ARABIA, AS THE WORLD'S BIGGEST OIL EXPORTER, CAN VIRTUALLY ASSURE AN UNINTERRUPTED SUPPLY OF ENERGY -- ESPECIALLY IF THE U.S. HELPS PUSH ISRAEL TO THE PEACE TABLE. ISRAEL HAS REFUSED TO GO FORWARD WITH PEACE TALKS UNTIL THE ARABS AND PALESTINIANS AGREE TO RECOGNIZE ISRAEL'S RIGHT TO EXIST.

10. ARABS POINT OUT THAT ARAB STATES ALREADY HAVE RECOGNIZED THIS PUBLICLY. PALESTINIANS HAVE NOT. YET,

MERELY BY SITTING DOWN WITH ISRAEL, PALESTINIANS WOULD BE SHOWING A RECOGNITION OF ISRAEL, IT'S ARGUED, AND MOST PALESTINIANS HAVE FEW ILLUSIONS ABOUT ACHIEVING ANYTHING DIPLOMATICALLY AT THE PEACE TALKS WITHOUT MEETING THAT ISRAELI DEMAND.

11. NEITHER SAUDI ARABIA NOR SYRIA, HOWEVER, WANTS TO DETAIL THE SHAPE OF ANY PALESTINIAN STATE WHICH MIGHT EERGE. THEY SAY THAT THIS IS A QUESTION FOR PALESTINIANS THEMSELVES TO NEGOTIATE WITH ISRAEL. IT DOES APPEAR, THOUGH, THAT BOTH WOULD BE SATISFIED WITH A NEW MINI-PALESTINE COMPOSED OF THE WEST BANK AND GAZA PLUS EAST JERUSALEM. NEITHER EXPECTS SOLUTIONS TO BE FOUND OVER-NIGHT. IMPLEMENTATION MIGHT BE IN STAGES YET WITHIN THE BROAD FRAMEWORK OF A SETTLEMENT WHICH DEFINES ULTIMATE BORDERS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 105871 TOSEC 040112

12. WITHIN THIS CONTEXT, THE SAUDI FINANCE MINISTER'S COMMENTS ABOUT BEING HAPPY WITH PRESIDENT CARTER'S PROPOSED ENERGY PROGRAM AREN'T OUT OF LINE WITH SAUDI INTERESTS. ON THE ONE HAND, THE SAUDIS FEEL THAT U.S. DEPENDENCE ON IMPORTS GIVES THEM LEVERAGE IN TRYING TO BRING ISRAEL TO THE PEACE TABLE. ON THE OTHER, THEY DON'T FEEL THREATENED BY U.S. TALK OF REDUCING DEPENDENCE ON OIL IMPORTS. IT WILL BE A LONG TIME, IF EVER, BEFORE THAT HAPPENS. AND A SLOWDOWN IN IMPORTS BY THE U.S. AND OTHER INDUSTRIAL NATIONS WOULD MERELY STRETCH OUT THE RESERVES OF THE OIL-PRODUCING NATIONS -- NOT A BAD THING FROM REVENUE-GLUTTED SAUDI ARABIA'S POINT OF VIEW.

13. FURTHER, THE THREAT OF ENERGY CONSERVATION IN THE U.S. WOULD PROBABLY STRENGTHEN SAUDI ARABIA'S HAND WITHIN THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES. SAUDI ARABIA HAS BEEN FOLLOWING A RELATIVELY MODERATE PRICING STRATEGY THAT HAS BEEN UNPOPULAR WITH MOST OTHER OPEC MEMBERS. THE THREAT OF REDUCED IMPORTS BY THE U.S. WOULD BE A PERSUASIVE REASON FOR HEWING TO THAT LINE AND REDUCING THE RISK OF EXTREMIST CHALLENGES TO SAUDI AUTHORITY.

14. SAUDI ARABIA APPEARS CONVINCED THAT ITS OWN PROSPERITY IS DEPENDENT UPON THE ECONOMIC WELL-BEING OF THE U.S. AND THE REST OF THE INDUSTRIAL WORLD. IT WANTS TO USE ITS OIL TO PROMOTE THAT PROSPERITY, NOT AS A WEAPON OF CONFRONTATION. BUT PRINCE FAHD WILL DOUBTLESS MAKE SURE THAT PRESIDENT CARTER UNDERSTANDS THAT THE PRICE OF SAUDI MODERATION ON OIL PRICING IS MOVEMENT ON THE QUESTION OF PEACE TALKS IN THE MIDEAST. (END TEXT)
(MR. VICKER IS THE JOURNAL'S SENIOR INTERNATIONAL

CORRESPONDENT.) CHRISTOPHER

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